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DIRECTORATE OF INTELLIGENCE

## Central Intelligence Bulletin

**Top Secret** 

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Lebanon: President Hilu's efforts to create a stable but manageable government have been unsuccessful.

Three members of the Tripartite Maronite Christian Alliance are refusing the posts offered them in an eight-man cabinet proposed by premier-designate Yafi on 12 October. The Alliance, identified with former president Chamoun, is demanding a direct voice in the formation of a new cabinet in keeping with its one-vote majority in parliament. If unable to attain their objectives by parliamentary means, the Chamounists have threatened to take the issue to the streets.

The other five ministers-designate, supporters of former president Shihab, fear that any concession to the Chamounists now will lead to an Alliance victory in the presidential elections next year. They are determined to forestall the Alliance's drive for political dominance in part by holding the line on the cabinet issue, and will try to force new parliamentary elections if necessary.

The deadlock between the country's evenly matched political forces is not likely to erupt into immediate street violence, but the parliamentary paralysis created by the Chamoun-Shihab power struggle will probably persist. Formation of a compromise cabinet of political neutrals could meanwhile provide a temporary and traditional Lebanese solution.

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Panama: The military junta may agree to accept Arias first vice president, Raul Arango, in the presidency.

Most high-level national guard officers reportedly are in favor of this idea.

Arango and members of
Arias' coalition, as well as influential politicians
in other parties, are now receptive to such a "constitutional solution." It is not clear, however,
how long Arango would serve.

Meanwhile, the military government appears disposed to guarantee Arias' safe exit from the country, since it considers him an obstacle to stability.

There are some signs that pro-Castro Communists and members of Arias' Panamenista Party are planning to precipitate terrorist acts, including assassination of key guard officials, sabotage, and arson. Student activists continue to call for resistance to the military, and student strikes are under way in the capital and some outlying provinces. For its part, the guard has acted with restraint to avoid touching off serious rioting.

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